Fallacies of Socialism.

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"Should Plutus recover his sight, or distribute his favors equally, no man would trouble himself with the theory of any art, nor with the exercise of any craft. If these two should once disappear, who afterwards would become a brazier, a shipwright, a tailor, a wheelwright, a shoemaker, a brickmaker, a dyer, or a skinner? Or who will plow up the bowels of the earth in order to reap the fruit of Ceres, if it is once possible to live with neglect of these things?"

Aristophanes.
Introductory.

Socialistic sentiments have been born of want and wrong in the world, these though mocked and scourged of men, have persisted in living for the past one hundred years; they shall never be put down by mere force; and they can be prevented from becoming disturbing factors in civilization only as they shall be settled rightly in social justice and economic truth. Like revolutionists, socialists only unite on negation; the moment they begin to ask what they will put in its place they differ and dispute, and come to naught. Force and annihilatory laws against socialists have been the incentive to their growth, as is most noticeable in Germany; while not so the other extreme in our own country; and here as most favorable fact is observed, in that almost without exception the members of the radical socialistic organizations of the United States are of foreign descent. The intolerance of the Americans toward socialism is greater than that of the German authorities; but does not have its origin from
in Bismarck. It is the intolerance arising from reason, truth, and justice; and it is by these that America vanquished socialism ideologically, though flooded by a constant immigration. This active power proceeds with a voluntary free will from the people directly; it is a distributed power. A most genuine illustration is shown by Herrman Most, who was expelled from Germany lest he incite an uprising, imperiling the safety of the state. What is the result? Most comes to America, lectures several nights in New York. The first address is to a multitudinous assembly, which diminishes nightly, till at the sixth night he has only some fifty of his native comrades as an audience, all having become disgusted with his visionary theorizing and haranguing. In hope of being received with more favor, he went to Chicago, St. Louis, and other cities where the conditions were most favorable to incite the people to enthusiasm, and convert them to his own dogma; but he invariably met similar defeats. The conditions of Switzerland shows us clearly enough that democracy under a regime of freedom lends no ear to social-
isms, but turns its face in entirely different directions.

They that take the sword against society shall perish by the sword, and they who in their wild schemes aid and abet murders of existing civilization can be best reasoned with by the police; but denunciations of violence which excite violence are themselves criminal; and from fear of the wild wrath of a few delirious agitators, should we lose for one moment our love of fair play among all men? Should we not rather be the more determined to search out and to order for all classes that which is economically right and socially honorable and just?

It is in accordance with the above views that I shall endeavor to show a few of the boldest fallacies of socialism. I find in the several phases of socialism that there are certain points which all agree in attacking; and it is in the fallacy of these attacks that they show the fallacy of their respective systems (if they have any).
Socialists of all shades complain of the following evils:

1. The unsatisfactory adjustment of values;

2. The monopoly enjoyed by, and the deception practiced more or less in connection with the possession of money and its uses.

As these evils are attributed to the principle of competition as now existing, I shall endeavor to point out:

1. Should this system be abolished and socialism be established in its place then the evils complained of now instead of being diminished would rather be increased;

2. That former ages at least suffered under similar and equally unhappy conditions.

3. That capitalism is even now interpenetrated, complicated, and restricted by organizations which are not capitalistic, and which are capable of still greater extension, and meet with general approval as now in use.

I will now apply these general arguments to the special complaints above mentioned.
With regard to the unsatisfactory adjustment of the value of commodities it is a historical fact, that no other organization hitherto known in political economy has managed to bring prices into harmony with these factors which constitute the value of things, more simply, more promptly, or more completely than the capitalistic organization of the present day. And this for a very simple reason. Capitalists engaged in the struggle of competition and anxious for profitable returns, will warily judge the respective values of cost and the use of any commodity which they produce.

Under the present system there may not always be an exact return of enjoyment for expended life vigor of those engaged in manual labor, nor can an exact equivalent be always obtained in the shape of articles of consumptions, for the hardships of labor undergone. But the distribution of labor and enjoyment is at all events more justly carried on than under feudal or despotic constitutions. Suppose the competitive system were superseded by the cooperative systems. Capitalistic management is proverbially unrivaled for two qualities in which we-
democratic management is proverbially deficient, viz. economy and enter-
prise. Production conducted under the direction of officials would be
carried on presumably with far less thrift and foresight in the
absence of private interest; thus the whole process would be less
economical, and less profitable; true values and prices would be
in greater jeopardy under socialistic direction than now. Hence we con-
clude that considered economically, it is far better to leave the ad-
justment of values and prices to the calculating enterprising cap-
italists, than commit them to the hands of state officials; but whether
these expectations are well grounded or no, one thing is plain, the only
thing really material to the precise issue at present before us; and
that is, that while interests and profits may both be unfair in amount,
just as rent may be, or wages, or judicial penalties; neither of them
are unjust in essence, because they are merely particular forms of re-
numerating particular services, which are actually performed by persons
who receive the remuneration, and which under the socialistic scheme
would have to be performed in all probability neither so well nor so
cheaply, by salaried functionaries.

Then again, in order to see the superiority of the present system to more ancient ones, one need only refer to the exorbitant rates of interest, the abuses of usury prevailing in more remote and less civilized ages. Commercial crises may be more numerous, for trade is more extensive and manifold; but they are manifestly less violent than they used to be. The commercial and financial crises of the present century have been moderate in their effect when compared with the South Sea Bubble, the Darien Scheme, or Law’s speculations in France and the Mississippi Scheme. Under the influence of the beneficial expansion of international commerce, and the equally beneficial principle of free trade between states, we enjoy now an absolute immunity from the great periodical visitation of famine which was so terrible a scourge to our ancestors. It was left to the era of competition to regulate, in the market, prices and adjust exchange values. These facts are particularly reassuring for this reason, that they are the result, partly of a better acquaintance with the principle of sound commercial
and financial success; and partly of the equalizing effect of international ramifications of trade, and that these are causes from which even greater things may be expected in the future because they are themselves progressive.

Statistics are regarded by socialists as the antidote for the evils of competition. They may become so in a great measure; might they not be turned to good account under the present system, without having recourse to socialistic regulation of the industrial process? Much may be expected, but not everything; from an improved science of statistics, as applied to production; but we do not require for this the introduction of state communism. Would not the competition system armed with such a statistic apparatus for the observation of social phenomena work far better?

Lastly there is an adjustment of price existing already which is not fixed by competition; as in taxes, which are levied by the state according to its own valuations; or in the tariff of the railroad systems, and in the laws which are fixed in maximum by the state.
Thus in fact where the adjustment of values and prices cannot be safely left to competition, it is left to be done by the public through its legislatures, which represent society. The former is therefore laid already for supplementing, and where it is necessary, for limiting the adjustment of prices by competition. Though reforms may be necessary, and further developments; yet do these necessitate the entire exclusion of the principle of free competition?

The second attack of socialists is directed against money. They say it is the cause of all evils in the world; it supports the tyranny of monopolies, as goods can always be got for money, but not always money for goods. It cloaks the "constant surplus value" subtracted by the capitalist from the laborer's due; and finally the socialist regards with contempt any transaction in which money is both the beginning and the end. The first charge deserves no serious refutation. In answer to the second, it is acknowledged by the best economists that the two functions of money are to serve as a standard of value and as a medium of exchange. The gradual extension of the economic
organization is affected by capital; there will be greater opportunities afforded to,
for disposing of commodities; so far capitalism is a furtherance rather than a
hindrance to the ills. If money has an advantage over other commodities
on account of its general value it has this disadvantage, as compared with
themselves, that they may rise but its own value remains stationary. Again
it is entirely erroneous that the value of any commodity depends solely
on the amount of wages paid in producing it, leaving out of all con-
sideration the amount of risk to be made good, the utility and the
premium to be made payable to the enterprising capitalist for the
exercise of his foresight, calculation and experience in the produc-
tion of commodities.

But even supposing the laborer to have been unjust-
ly overreached by the capitalist who employs him, is not money in that
case perfectly innocent in the matter? The rise and fall of wages, wheth-
er paid in coin or kind, depend on special conditions which have nothing
to do with the fact that wages are paid in money. On the other hand it
may be retorted, that the sum of money prepaid in wages may be
greater in some cases than the amount which the commodity so produced may fetch in the market. In this case the absorption of capital by labor might with equal justice be said to be concealed under the cloak of wages paid in money. The essential power possessed by money is simply this. It is the best medium of exchange, and the most suitable unit for estimating the value of any commodity, and thus it becomes a most important element in the process of social economy. Should not socialists remember that one of the most important services rendered by money is the freedom it procures for every individual to do with his own, be it capacity or commodity whatever he likes?

There may be faults in modern capitalism which may demand reformation, but would it not be a retrograde step in the science of economy to abolish the use of money or capital and return to the more primitive forms of barter and exchange? Thus as a matter of fact do we not find communism tending toward the patriarchal or classic type of social economy? In such a state, overreaching the laborer would, however, be quite as easy as it is now. If the working classes were placed
again into similar conditions to those occupied by them in former days; their lot would be by no means enviable. They would lose not only materially, but would be deprived of the liberties which now they enjoy. The slaves and serfs of past ages were fleeced much more by their employers than laborers now, and they had no means of feeling themselves or vindicating their rights, such as laborers have in the present day. They were paid in money, in kind, or natural products, not money as a rule. And thus valuation, or the fixing of the respective prices of services rendered and benefits received in return, was far more difficult and liable to greater abuses.

The principles which govern the rate of wages are much more flexible than the socialist proclaims; he holds to the validity of the "Swee law of Wages"; which he states:—"The wages of a people are regulated by their habits of living; and these habits conform to the limits of existence and propagation." They fall so low that existence and propagation are impossible. Habits conform to wages, not wages to habits; otherwise it would be easy for the wage-receiving class to elevate
their wages by habits of extravagance, which is simply absurd. On the other hand, the amount of wages depends upon the profit of production. When the profits of production are great, capital will rush into production and create a demand for labor; and when the profits of production are small, capital will withdraw from production, and the demand for labor will cease. Nor is it a valid statement that the increase of capital tends to repress labor. On the contrary, capital to increase must enter the field of production, in order to realize its own interest; and so must compete for labor, and the competition for labor raises its price. Labor thrives as capital thrives; and is depressed as capital is depressed. Many socialistic theories are erroneously based upon the assumption that wages are paid out of capital, instead of the products of industry. As profits increase the laborer's share increases. If not, it must be because the share of capital is disproportionately increased. If it is, and capital is plentiful, capital will seek the increased profits and thus create a new demand for labor. Whatever increases profits increases wages.
No class of men can be held in this country to the condition of wage-workers. The margin of wages above the cost of living, (the necessary cost with economy) is such as to enable the working man slowly to capitalize his surplus, and thus pass into the class of capitalists. This is what present capitalists or their ancestors have done in the past, and what thousands are doing to-day. This nearly every person may verify for himself by numerous persons within the circle of his own acquaintance. It is true that something cannot be had for nothing except in Utopia. It could not be had for nothing in the dreamland of the socialists. The essence of all this is that labor is the source of all wealth; and without it there is no wealth.

The experience of trades-unions has sufficiently demonstrated that it is within the power of wage laborers themselves to effect by combination a material increase in the price of their labor. Trades-unions have taken away the shadow of despondency that lay over the hired laborer's lot. Their margin of effective operation is strictly limited; still such a margin exists,
and they have turned it to account. They have put the laborers in a position to hold out for his price; they have converted the question of wages from the question, how little the laborer can afford to take, into the question, how much the employer can afford to give. They have been able in trades subject to foreign competition to effect a permanent rise in wages at the expense of prices, and they can probably in all trades succeed in keeping the rate of wages up to its superior limit. It must not be forgotten, however, that while trades-unions are able to keep the wages up to their superior limit, they have no power to raise that limit itself. This can only be done by an increase in the general productivity of labor.

Do not socialists again make a gross error when they declare freedom to be the power of doing what one likes, instead of doing what is right? The most perfect state of freedom is not reached when every man has the power of doing what he likes; any more than when every man has things equal with any other (as the communist would have it.) The greatest possible freedom is
attained in a condition of society where every man has the greatest possible room for the development of his personality, and the greatest possible equality is attained, is exactly the same state of things. Real freedom and real equality are in fact identical. Every right contains from the first, a social element, and it cannot be realized in the actual world without observing a due adjustment between these two elements. Such an adjustment can only be discovered by a critical examination of the economical constitution of society, and must then be expressed in a distinct system of industrial rights, which imposes on individual actions its just limits. True liberty is liberty within these limits; and the true right of property is a right of property under the same conditions.

I do not assert that there is no element of right in some socialist schemes, which in time may be separated from the wrong and assimilated by means of representative government. But do not socialists make a mistake in wishing to introduce prematurely their unflunged plans for the reconstruction of
society? Then again they are ever eager to destroy, abruptly existing forms of industry generally. They appear not to be able to regard calmly and without prejudice successive historical phases of society, and those transition states from one form to another which are necessary. They do not see that a continuance of private and collective forms of property and existing modes of industry may be equally necessary, along with new forms which may be introduced.

I am far from asserting or suggesting that the present condition of the working classes, or the present distribution of wealth is approximately satisfactory, but I can see no reason for entertaining any gloomy apprehensions, as if with all our national prosperity, the condition of the poorer classes were ever growing worse, and could not possibly under existing industrial conditions, grow any better. Even though this were so, yet would we be justified in condemning a system whose probabilities for assuring the legitimate aspirations of the working class are so far from being exhausted; when it may be said that a real beginning has
hardly as yet been made to accomplish them? It is to be firmly hoped and believed that the existing economy, which all admit to be a most efficient instrument for the production of wealth, may by wise correction and management be made a not inadequate agency for its distribution.

That the present social system is quite adequate is shown by the general prosperity, and order that prevails throughout the United States notwithstanding the continual immigration of the criminal, pauper, restless, and oppressed classes of all the European countries, which is estimated at three times the entire number of the Goths, and Vandals who invaded the Roman empire at its downfall.

Notwithstanding the imperfection of the present economic system, when it shall have spoken its last word, much of the distressing poverty that now exists will probably still remain because we must not disguise from ourselves the fact that much of that poverty is the direct fruit of vice, disease, or indolence. But socialism could not cope with this mass of misery any better than the present sys-
tend, for men do not dissipate and idle and enter into improvident marriages, or illicit alliances, because they happen to be paid for their labor by contract with a capitalist instead of valuations by a state officer, and, would they cease doing any of these things because an indulgent state undertook to save them from the natural penalties of licentiousness?

Finis.

"Caesar was Rome's escape from communism. I expect no Caesar; I find on our map no Rubicon. But then I expect to see communistic madness rebuked and ended. If not I shall have to say as many a sad-eyed Roman must have said nineteen hundred years ago, — I prefer civilization to the Republic."

Prof. R.O. Hitchcock.